

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

RECEIVED

OCT - 8 1998

DOCKET FILE FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY COPY ORIGINAL

In the Matter of)	
)	
Inquiry Concerning the Deployment of)	CC Docket No. 98-146
Advanced Telecommunications)	
Capability to All Americans in a)	
Reasonable and Timely Fashion, and)	
Possible Steps to Accelerate Such)	
Deployment Pursuant to Section 706)	
of the Telecommunications Act of 1996)	

REPLY COMMENTS
of
NATIONAL TELEPHONE COOPERATIVE ASSOCIATION

L. Marie Guillory
Jill Canfield
National Telephone Cooperative Association
2626 Pennsylvania Ave., NW
Washington, D.C. 20037
(202)298-2300

No. of Copies rec'd 006
List ABCDE

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

RECEIVED

OCT - 8 1998

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)
)
Inquiry Concerning the Deployment of) CC Docket No. 98-146
Advanced Telecommunications)
Capability to All Americans in a)
Reasonable and Timely Fashion, and)
Possible Steps to Accelerate Such)
Deployment Pursuant to Section 706)
of the Telecommunications Act of 1996)

REPLY COMMENTS
of
NATIONAL TELEPHONE COOPERATIVE ASSOCIATION

The National Telephone Cooperative Association (NTCA) submits these reply comments in response to comments filed on September 14, 1998, in the proceeding captioned above.¹ NTCA is a national association of approximately 500 local exchange carriers that provide service primarily in rural areas. All NTCA members are small carriers that are "rural telephone companies" as defined in the Telecommunications Act of 1996. Approximately half of NTCA's members are organized as cooperatives. NTCA submitted comments in the NOI on September 14, 1998.

¹ *Inquiry Concerning the Deployment of Advanced Telecommunications Capability to All Americans in a Reasonable and Timely Fashion, and Possible Steps to Accelerate Such Deployment Pursuant to Section 706 of the Telecommunications Act of 1996*, CC Docket No. 98-146, FCC 98-187 (rel. Aug. 7, 1998) ("NOI").

NTCA Supports Universal Service Funding for Advanced Services in Rural Areas

NTCA's members serve low-density, sparsely populated areas with long loops. As such, the cost of providing any service is necessarily higher than in more densely populated areas. Despite the high cost, 1 in 4 companies responding to an NTCA survey have deployed xDSL technology and another 48% are planning some deployment.² NTCA members continually work to educate and inform rural residents about the advantages and opportunities advanced telecommunications services have to offer. As NRTA points out, the rural ILECs "understand the importance of a state of the art telecommunications pipeline for information if these smaller communities are to become and remain competitive as the national and global economy become increasingly information dependent."³

However, NTCA's members serve some areas of the country where the cost of providing advanced service technology to all of their subscribers is, and will likely continue to be, prohibitive.⁴ Rural areas need access to advanced services to keep pace with urban areas, but the cost of the capacity needed to deploy broadband service will often not be something that can be supported by revenues from the rural customers. Despite this fact, the FCC is charged with creating policies which promote reasonably comparable rural and urban access to advanced telecommunications and information services at reasonably comparable prices. NTCA agrees with NRTA that the Commission will fulfill its responsibilities under § 706 and § 254(b)(3) of the Act by providing federal

² Based on a survey sent to NTCA's members. See NTCA's comments at pp. 2-3. See also Comments of the National Rural Telecom Association (NRTA) at pp.5-6.

³ Comments of NRTA at 6.

⁴ See, e.g., Comments of GVNW Inc./Management (GVNW) at pp. 2-3.

universal service support for rural markets.⁵ Sufficient universal service support is necessary, and required under § 254, to ensure rural access to reasonable comparable broadband capabilities.

NTCA also supports NRTA's basic comments about the anomalies in the current universal support rules.⁶ Under the rules, if the Commission adds advanced services to the evolving universal service definition, an otherwise eligible carrier would not receive any support unless it is already providing the new additions to the list of universal services. There would be no high cost support for a carrier as it upgrades its systems and the carrier would lose the high cost support it had been receiving under the previous universal service definition. In order to receive universal service support a carrier should have to provide the already defined, seven basic universal services and have a generous period of time in which to begin upgrading its systems to include the new universal services. The current barrier to universal service support will frustrate the goals of §§ 706 and 254 and will hardly promote advanced services deployment in high cost areas.

The FCC Should Eliminate Unnecessary and Burdensome Rural ILEC Regulation

While the various commenters had different agendas in submitting their comments in the NOI, almost all agree that FCC over-regulation has or will interfere with advanced telecommunications service deployment.⁷ Nowhere is this more true than in rural America where cost of providing service may be prohibitive. As pointed out in NTCA comments, 32 % of NTCA's members who responded to a survey about advanced services

⁵ See also, Comments of GVNW at p. 8.

⁶ Comments of NRTA at pp. 12-13.

⁷ See, e.g., Comments of U.S. West, Bell Atlantic, NRTA, Ameritech, Time Warner Cable, ALTS, Cincinnati Bell, United States Telephone Association (USTA).

deployment cited “regulatory requirements” as an obstacle to broadband deployment.⁸

As Cincinnati Bell stated, “[t]he Commission needs to recognize that additional regulation of advanced telecommunications capabilities will also be a great burden for small and mid-size companies.”⁹ Additional regulation often results in additional cost for already over burdened rural telephone companies.

The FCC must recognize that competition is not the driving force behind advanced services deployment in many rural areas. The areas are not always attractive, *i.e.*, not profitable, to serve. Despite this fact, as GVNW stated, the FCC often gives precedence to competition over rural customers.¹⁰ In order to truly promote advanced services deployment in rural areas, the FCC must adopt a flexible approach to regulation and recognize that large LECs and small LECs cannot be subject to the exact same regulations in all instances.¹¹

⁸ Comments of NTCA at p. 6.

⁹ Comments of Cincinnati Bell at p. 19.

¹⁰ Comments of GVNW at p. 6.

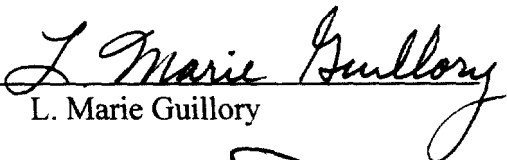
¹¹ NTCA provides a list of specific burdensome regulations in its comments at fn. 10.

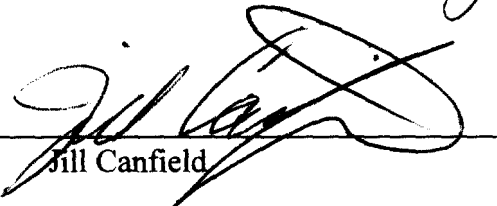
Conclusion

As NTCA pointed out in its initial comments to this NOI, while many small and rural ILECs are moving forward with the deployment of advanced telecommunications services, high costs and regulatory hurdles are true obstacles. In order to keep rural services and prices comparable with urban areas, the FCC must propose and adopt rules and policies which recognize these realities.

Respectfully submitted,

NATIONAL TELEPHONE COOPERATIVE
ASSOCIATION

By: 
L. Marie Guillory

By: 
Jill Canfield

Its Attorneys

2626 Pennsylvania Avenue, N.W.
Washington, D.C. 20037
(202) 298-2300

October 8, 1998

CERTIFICATE OF SERVICE

I, Rita H. Bolden, certify that a copy of the foregoing Reply Comments of the National Telephone Cooperative Association in CC Docket No. 98-146, FCC 98-187 was served on this 8th day of October 1998, by first-class, U.S. Mail, postage prepaid, to the following persons on the attached list:

A handwritten signature in cursive script, reading "Rita H. Bolden", written over a horizontal line.

Rita H. Bolden

Chairman William E. Kennard
Federal Communications Commission
1919 M Street, N.W., Room 814-0101
Washington, D.C. 20554

Commissioner Gloria Tristani
Federal Communications Commission
1919 M Street, N.W., Room 826
Washington, D.C. 20554

Commissioner Michael Powell
Federal Communications Commission
1919 M Street, N.W., Room 844
Washington, D.C. 20554

Commissioner Susan Ness
Federal Communications Commission
1919 M Street, N.W., Room 832-0104
Washington, D.C. 20554

Commissioner Harold W. Furchtgott-Roth
Federal Communications Commission
1919 M Street, N.W., Room 802
Washington, D.C. 20554

International Transcription Service
1231 20th Street, N.W.
Washington, D.C. 20036

Maureen A. Lewis, Esq.
Alliance for Public Technology
901 15th Street, N.W., Suite 230
Washington, D.C. 20038-7146

A. Stephen Hut, Esq.
John H. Harwood, II, Esq.
Samir C. Jain, Esq.
Wilmer, Cutler & Pickering
2445 M Street, N.W.
Washington, D.C. 20037

Lawrence E. Harris
David S. Turetsky
Stuart H. Kupinsky
Teligent, Inc.
8065 Leesburg Pike
Vienna, VA 22182

Philip L. Verveer, Esq.
Gunnar D. Halley, Esq.
Willkie Farr & Gallagher
Three Lafayette Centre
1155 21st Street, N.W. Washington, D.C. 20036

Cynthia S. Thomas
Director, Regulatory Affairs
Personal Communications Industry Association
500 Montgomery Street, Suite 700
Alexandria, VA 22314-1561

Steven Gorosh
Vice President & General Counsel
NorthPoint Communications
222 Sutter Street
San Francisco, CA 94108

Stephen L. Goodman, Esq.
Halprin, Temple, Goodman & Sugrue
1100 New York Avenue, N.W.
Suite 650, East Tower
Washington, D.C. 20005

John G. Lamb, Jr.
Of Counsel:
John G. Lamb, Jr.
Northern Telecom Inc.
2100 Lakeside Boulevard
Richardson, TX 75081-1599

Carol C. Henderson
Executive Director
American Library Association
Washington Office
1301 Pennsylvania Ave., N.W.
Suite 403
Washington, D.C. 20004

Richard A. Beverly, Esq.
Public Service Commission
of the District of Columbia
717 Fourteenth Street, N.W.
Washington, D.C. 20005

Thomas R. Gibbon, Esq.
Anthony M. Black, Esq.
Frankie Foster-Davis
Bell, Boyd & Lloyd
1615 L Street, N.W.
Washington, D.C. 20036

Anthony C. Epstein
Of Counsel
Jenner & Block
601 13th Street, N.W.
Suite 320 South
Washington, D.C. 20005

Kevin Sievert, Esq.
Glen Grochowski, Esq.
MCI Communications Corporation
400 International Parkway
Richardson, TX 75081

Kecia Boney, Esq.
Dale Dixon, Esq.
Lisa B. Smith, Esq.
MCI Communications Corporation
1801 Pennsylvania Ave., N.W.
Washington, D.C. 20006

Catherine R. Sloan, Esq.
David N. Porter, Esq.
Richard L. Fruchterman, III
1120 Connecticut Ave., N.W., Suite 400
Washington, D.C. 20036

Mark A. Grannis, Esq.
Evan R. Grayer, Esq.
Harris, Wiltshire & Grannis LLP
1200 Eighteenth Street, N.W.
Washington, D.C. 20036

Donald Weightman
Utah Independent Internet Service Providers
510 C Street, N.E.
Washington, D.C. 20002

William J. Evans, Esq.
Parson Behle & Latimer
One Utah Center
201 South Main Street
Suite 1800
Salt Lake City, Utah 45898

David P. Batow, Esq.
Joseph W. Miller, Esq.
William H. Gault, Esq.
Williams Communications, Inc.
One William Center, Suite 4100
Tulsa, Oklahoma 74102

Michael W. Katzenstein, VP & Esq.
OpTel, Inc.
1111 W. Mockingbird Lane
Dallas, TX 75247

Henry Goldberg, Esq.
W. Kenneth Ferree, Esq.
Goldberg, Godles, Wiener & Wright
1229 19th Street, N.W.
Washington, D.C. 20036

Emily C. Hewitt, Esq.
George N. Barclay, Esq.
Michael J. Ettner, Esq.
General Services Administration
1800 F Street, N.W., Room 4002
Washington, D.C. 20405

Lawrence G. Malone, Esq.
New York State Department of
of Public Service
Three Empire State Plaza
Albany, NY 12223-3510

Phillip L. Spector, Esq.
Patrick S. Campbell, Esq.
Paul, Weiss, Rifkind, Wharton &
Garrison
1615 L Street, N.W., Suite 1300
Washington, D.C. 20036

Richard J. Metzger, Esq.
Emily M. Williams, Esq.
Association for Local Telecommunications
Services
888 17th Street, N.W., Suite 900
Washington, D.C. 20006

Jonathan E. Canis, Esq.
Kelley Drye & Warren LLP
1200 Nineteenth Street, N.W.
5th Floor
Washington, D.C. 20036

Stephen M. Brown
Director of Public & Technology Policy
New World Paradigm, Ltd.
401 12th Street South, Suite 1421
Arlington, VA 22202

David Ellen, Esq.
Cablevision Systems Corp.
One Media Crossways
Woodbury, New York 11797

Howard J. Symons, Esq.
Gil M. Strobel, Esq.
Mintz, Levin, Cohn, Ferris, Glovsky
and Popeo, P.C.
701 Pennsylvania Ave., N.W., Suite 900
Washington, D.C. 20004-2608

Bruce Kushnick
Executive Director
New Networks Institute
826 Broadway, Suite 900
New York, NY 10003

Michael L. Theis, President
Kiesling Consulting LLC
6401 Odana Road
Madison, Wisconsin 53719-1155

Shad Nygren, President,
Virtual Hipster Corporation
149 Industry Way
Fallon, NV 89406

Andrea D. Williams, Esq.
Michael F. Altschul, Esq.
Randall S. Coleman, Esq.
Cellular Telecommunications Industry
Association
1250 Connecticut Ave., N.W., Suite 200
Washington, DC 20036

Leon M Kestenbaum, Esq.
Jay C. Keithley, Esq.
Richard Juhnke, Esq.
Sprint Corporation
1850 M St., N.W., Suite 1110
Washington, D.C. 20036

David A. Irwin, Esq.
Irwin, Campbell & Tannenwald, P.C.
1730 Rhode Island Avenue, N.W.
Suite 200
Washington, D.C. 20036-3101

Michael S. Slomin, Senior Counsel
Bell Communications Research, Inc.
445 South Street, MCC-1J130R
Morristown, NJ 07960

Susan M. Eid
David Rubashkin
Cameron Graham
MediaOne Group, Inc.
1919 Pennsylvania Ave., N.W., Ste. 610
Washington, D.C. 20006

Gail L. Polivy, Esq.
GTE Telephone Companies
1850 M Street N.W., Suite 1200
Washington, D.C. 20036

John F. Raposa, Esq.
GTE Service Corporation
600 Hidden Ridge, HQE03J36
P.O. Box 152092
Irving, TX 75015-2092

R. Michael Senkowski, Esq.
Jeffrey S. Linder, Esq.
Wiley, Rein & Fielding
1776 K Street, N.W.
Washington, D.C. 20006

Mr. Jeffry H. Smith
GVNW Inc./Management
8050 S.W. Warm Springs Street, Suite 200
Tualatin, Oregon 97062

Jonathan Jacob Nadler, Esq.
Brian J. McHugh, Esq.
Squire, Sanders & Dempsey L.L.P.
1201 Pennsylvania Avenue, N.W.
Box 407
Washington, D.C. 20044

Douglas E. Hart, Esq.
Cincinnati Bell Telephone Company
Frost & Jacobs LLP
2500 PNC Center
201 East Fifth Street
Cincinnati, Ohio 45202

Margot Smiley Humphrey, Esq.
Koteen & Naftalin
1150 Connecticut Ave., N.W., Suite 1000
Washington, D.C. 20036-4104

Mr. Jeffry H. Smith
GVWN Inc./Management
8050 S.W. Warm Springs Street
Suite 200
Tualatin, Oregon 97062

Lawrence E. Sarjeant, Esq.
Linda Kent, Esq.
Keith Townsend, Esq.
John Hunter, Esq.
USTA
1401 H Street, N.W., Suite 600
Washington, D.C. 20005

Brian Conboy, Esq.
Thomas Jones, Esq.
Willkie Farr & Gallagher
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20036

William T. Lake, Esq.
John H. Harwood II, Esq.
Lynn R. Charytan, Esq.
Jonathan J. Frankel, Esq.
Wilmer, Cutler & Pickering
2445 M Street, N.W.
Washington, D.C. 20037-1420

Robert H. Griffen, Esq.
Bell Atlantic Corp.
1320 North Court House Road
Eighth Floor
Arlington, VA 22201

John T. Lenahan, Esq.
Michael S. Pabian, Esq.
Ameritech
2000 West Ameritech Center Drive
Room 4H82
Hoffman Estates, IL 60196-1025